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Senators support creation of commission to rein in federal debt

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A local congressman's efforts to right the country's long-term financial ship has picked up some big-name support in the U.S. Senate.

Sens. Evan Bayh, D-Ind., and Dianne Feinstein, D-Calif., said this week that they would vote against an increase in the federal government's debt limit unless the measure was coupled with a legislation to contain long-term entitlement spending not unlike that offered by Rep. Frank Wolf, R-10th.

Such support could mean that Wolf's proposal -- to create a panel outside of Congress that would make recommendations to be voted up or down -- could mean that the idea is finally moving forward.

Congress has to do something soon, or the country could well be headed into a fiscal disaster, according to Wolf.

Bad economic news has raised awareness of the looming money problems on Capitol Hill.

"I think this is an opportunity," Wolf said of the pending debt limit vote. "It's all kind of coming together."

Last year's $1.4 trillion federal deficit grabbed a lot of headlines, but it's only a small part of a long-term problem -- unsustainable entitlement spending, he said.

The federal government is borrowing money at an ever-increasing rate. In 2001, the government's total debt was about 57.4 percent of the nation's total economic output, or gross domestic product.

If things don't change markedly in the near future, the debt will reach 114 percent of GDP by 2019, according to the Senate Budget Committee.

That's just a fraction lower than the record percentage reached when the government had to finance World War II.

Over the long term, the federal government is on the hook for more than $53 trillion it simply doesn't have for entitlement programs, according to the Congressional Budget Office.

Social Security recently became "cash negative" -- drawing more money out of the federal government's coffers than its dedicated payroll taxes bring in.

While the program's revenues are expected to recover temporarily in a few years, it will become a permanent drag on the treasury starting in 2016, according to the Congressional Budget Office.

Money from the Social Security Trust Fund has already been spent by Congress, replaced with IOUs that have to be paid out of general tax receipts.

Medicare is in even worse shape. That program's health insurance trust fund went cash negative last year and is now set to burn through its IOUs by 2017.

The federal government is rapidly approaching the limit on how much money it can borrow, called the debt ceiling, giving legislators an opportunity to act.

Limits were last increased in February to $12.104 trillion. Without an increase sometime in December, the government would default on its debt.

"Clearly the debt limit has to be raised. If it doesn't, the government would go bankrupt," Wolf said.

Sen. Mark R. Warner, D-Va., said he was also on board with the proposal, and joined nine other Democratic senators in signing a letter to Majority Leader Harry Reid, D-Nev., asking that some similar proposal be included in debate about raising the debt limit.

"There's an awful lot of new members who want to be part of this effort and be supportive," Warner said, speaking at a Senate Budget Committee hearing this week.

Regardless of the final details of a panel, it has to be made up of members with open minds.

"No program is sacred, [and] yes, you have to look at cuts and no, you can't rule out revenues," Warner said.